IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS BEAUMONT DIVISION

THE UNITED STATES OF AMERICA, §
EX REL. DAVID R. VAVRA §
AND JERRY HYATT, §

Plaintiffs, §

v. \$ NO. 1-04CV0042

KELLOGG BROWN & ROOT, INC., §
ET AL., \$

Defendants. \$

THE GOVERNMENT'S NOTICE OF ELECTION TO INTERVENE IN PART AND TO DECLINE TO INTERVENE IN PART

Pursuant to the False Claims Act, 31 U.S.C. § 3730(b)(2) and (4), the United States notifies the Court of its decision to intervene in part of this action and to decline to intervene in part of this action. The United States intervenes in that part of the action that alleges unlawful payments to employees of defendant Kellogg Brown & Root, Inc., by Eagle Global Logistics and Panalpina, Inc. The United States declines to intervene in the remainder of the action, except to the extent that it has partially intervened previously. The United States intends to file a complaint within thirty days.

Although the United States declines to intervene in a portion of the action, we respectfully refer the Court to 31 U.S.C. § 3730(b)(1), which allows the relator to maintain the declined portion of the action in the name of the United States; providing,

however, that the "action may be dismissed only if the court and the Attorney General give written consent to the dismissal and their reasons for consenting." *Id.* Therefore, the United States requests that, should either the relator or the defendant propose that the part of the action in which the United States has not intervened be dismissed, settled, or otherwise discontinued, this Court solicit the written consent of the United States before ruling or granting its approval.

Furthermore, pursuant to 31 U.S.C. § 3730(c)(3), the United States requests that all pleadings filed in this action, even as to the non-intervened part of this action, be served upon the United States; the United States also requests that all orders issued by the Court be sent to the Government's counsel. The United States reserves its right to order any deposition transcripts and to intervene in the portion of this action in which it is declining to intervene today, for good cause, at a later date.

Finally, the United States requests that the relators' Complaint, this Notice, and the attached proposed Order be unsealed. The United States requests that all other papers on file in this action remain under seal because in discussing the content and extent of the United States' investigation, such papers are provided by law to the Court alone for the sole purpose of evaluating whether the seal and time for making an election to intervene should be extended.

A proposed order accompanies this notice.

Respectfully submitted,

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JOHN MALCOLM BALES United States Attorney

/s/ Michael W. Lockhart

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/s/

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